

May – June
2000



WASHINGTON STATE
GAMBLING COMMISSION

Focus n Gambling

NEW COMMISSIONER

Governor Locke appointed Alan Parker as our newest Commissioner. Commissioner Parker's term of office will be May 15th, 2000, through June 30, 2003. He will be completing Pat Herbold's term of office.

Currently, Alan Parker is a member of the faculty of The Evergreen State College, where he serves as the Director of the Northwest Indian Applied Research Institute. His professional background spans many years of management experience representing The American Indian National Bank, Committee on Indian Affairs, National Indian Policy Center, the National Tribal Development Center and the Native Power Corporation.

Commissioner Parker is a 1972 graduate of the UCLA School of Law and he is a member of the

Washington, DC Bar Association. He graduated from St.

Thomas Seminary in 1964 with a BA in Philosophy, and he graduated from Officer's Candidate School while serving in the US Army.

Alan Parker is married and the father of three children. He is an enrolled member of the Chippewa Cree Tribe of the Rocky Boy's Indian Reservation.

Please help us in welcoming Commissioner Parker to our agency! His first official meeting was at the June meeting in Spokane.



Alan Parker, our newest commissioner.

Commissioner Parker's term is from May 15, 2000 through June 30, 2003.

Commissioners:

Liz McLaughlin, Chair
George Orr, Vice Chair
Judge Marshall Forrest (Ret.)
Curtis Ludwig
Alan Parker

Ex-Officio Members:

Senator Margarita Prentice
Senator Shirley Winsley
Representative Alex Wood
Representative Jim Clements

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Administration:

Executive Director Ben Bishop
Executive Asst. Shirley Corbett

Human Resources:

Director Phyllis Halliday

Policy & Government Affairs:

Deputy Director Ed Fleisher

Program Managers:

Business Office:

Bob Sherwood

*Communications & Legal Department
and Financial Reporting Services:*

Amy Patjens

Electronic Gambling Laboratory:

Dallas Burnett

Information Services:

Tom Means

Operations:

Deputy Director Sherri Winslow

Field Operations:

Assistant Director Cally Cass-Healy

Program Managers:

Eastern Region:

James Dibble

Northwest Region:

Greg Thomas

Southwest Region:

John Brinsmead

Licensing Operations:

Assistant Director Derry Fries

Program Manager:

Licensing Services:

Artis Collins

Special Operations:

Assistant Director Robert Berg

Program Managers:

Financial Investigations Unit:

Monty Harmon

Intelligence Unit:

Neal Nunamaker

Special Investigations:

Paul Swortz

Tribal Gaming Unit:

Mike Tindall



Editor:

Cindy Reed

Layout & Design:

Vicki Sprague

NEW COMMISSION CHAIR ELECTED

and other commission happenings

By a vote of her fellow Commissioners, Liz McLaughlin was elected to the position of chair person at the June 9th Commission meeting. Commissioner McLaughlin is an experienced chairperson and her first official act as the 2000-2001 chairperson was to adjourn the June meeting.

Commissioner George Orr was elected Vice-Chair; replacing Judge Marshall Forrest.

Governor Locke reappointed Curt Ludwig to an additional term on the Commission. Commissioner Ludwig, of Kennewick, is a former member of both the Washington State House of Representatives and the Senate. He was initially appointed to the Commission to fill a vacated position on January 9, 1996. Commissioner Ludwig's new term will expire June 30, 2006.

We are thankful for the hard working individuals we have serving on the Commission. ♠



*Newly Appointed Commission
Chair, Liz McLaughlin*



*George Orr, our newly
appointed Vice Chair*



*Commissioner
Ludwig was
reappointed to
another term
by Governor
Locke.*

Meet the Commission Staff

The first edition of the new Card Room Industry newsletter included this background on the Card Room Coordinator, Keith Wittmers. It is being re-printed in this edition for the rest of our licensees.

Keith Wittmers graduated from Central Washington University with a degree in accounting. Prior to working for the Gambling Commission, he was the assistant controller for "High 5 Sportswear" for one and a half years.

Keith came to the Gambling Commission in 1993 and has worked out of the Southwest Regional Office in Tacoma as a field agent. He completed the Basic Law Enforcement Academy in March 1994. In 1997, Keith was appointed to the position of Card Room Coordinator and has been involved with the enhanced card room operations since the beginning.

Keith has identified the following challenges ahead for the card rooms:

- gaining consistency among all facilities
- protecting operator and player from cheating/fraud
- licensee using proper chain of command to implement operational and/or procedural changes (i.e. internal control changes - forms, operations, addendum, promos etc.)
- licensing of employees because of constant turnover in the facilities

Keith's outside interests are playing golf and softball. He is also very active in coaching high school football.

Keith may be contacted at the Tacoma office at (425) 471-5312 Ext. 231. ♠

ATM Machine Policy

With the introduction of house banked card rooms or "mini casinos" as they are commonly known, we have received many inquiries concerning the use of Automated Teller Machines (ATM's) in locations licensed for gambling. In the past, Commission staff has placed restrictions on the use of ATM's based on the belief that not doing so would be allowing licensees to grant credit for participation in a gambling activity.

WAC rules do not allow licensees to grant players credit. Credit has generally been accepted as any situation where a person is allowed to engage in the gambling activity before full payment has been made. It includes an operator or employee loaning a

person money to play, giving chips, pull-tabs, bingo cards or raffle tickets to a player without first obtaining payment, allowing NSF checks to be written and/or holding checks beyond the deposit requirement.

At the request of licensees, and after discussions with staff, we have reevaluated our position. In cases where a cash advance is granted by the financial institution which issued the debit or credit card, the credit would be provided by the financial institution and not by the operator for the purpose of gambling. Outlined below is the description of the staff's position regarding the use of ATM's.

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- You may place ATM machines on your premises from which patrons may obtain cash advances.
- There are no restrictions on where you place the ATM. In the case of card rooms, this includes the cashier's cage, which had been previously restricted.
- ATM usage must be made available to all patrons of the licensee and not limited to only those gambling.
- ATM's may accept both debit and credit cards.
- ATM's are required to issue either cash or

a voucher, which must be redeemable for cash.

- You may not accept credit cards for the direct purchase of pull-tabs, chips, bingo cards or other activities restricted by commission rules, with the exception of raffle tickets.
- WAC 230-12-050 requires all purchases to be made by cash or check. Patrons using a credit card must obtain cash using the ATM, which then may be used to participate in the gambling activity.

If you have questions please contact your local agent. ♠

ATTENTION PUNCH BOARD/PULL-TAB OPERATORS

By Jennifer Anastasi, Special Agent-Eastern Region

Punchboards and pull-tab series that offer merchandise prizes instead of cash. Have you seen these games before? These are identified as merchandise games. Ever heard of "Surprise" merchandise games? This is the cause for addressing a particular rule today.

A "Surprise" merchandise game offers a prize that is on display but wrapped up. The customer can not see the exact prize being offered –making it a "Surprise." **WAC 230-30-070(5)(a)(i) Control of prizes** states in part, "The licensee shall display prizes so that a customer can easily determine which prizes are available from any particular punch board or pull-tab series or device operated or located upon the premises." In addition, the following requirement is contained in the rule: Merchandise prizes shall be displayed in the immediate vicinity of the punch board or pull-tab series and in plain view.

The question is whether this game would be allowed because the prize is not being displayed fully. The conclusion is this: The prizes

are gift-wrapped "surprises" which are being displayed in plain view to the players. It is the player's decision to play or not play the "Surprise" merchandise game, which in this case would be a wrapped package. However, the retail values of the objects in the "Surprise" packages must be disclosed in plain view on or immediately adjacent to the flare.

These "Surprise" merchandise games can be popular and fun for customers. You need to be aware that there are many rules that need to be followed by the licensee in order to offer them, including the requirement that you must be able to produce all the invoices for the wrapped prizes during an inspection by a field agent.

Please speak to your local agent or distributor if you have any questions. I have been told that these games are great for accumulating and awarding merchandise from other regular merchandise games used in past months. ♠

QUALITY IMPROVEMENTS SAVE TIME AND MONEY

By Amy Patjens

Three teams from the Gambling Commission were recently recognized for quality improvements they made during the first quarter of 2000. These improvements were made in conjunction with Governor Locke's 1997 Executive Order for agencies to develop a program to improve the quality, efficiency, and effectiveness of the public services they provide. The Governor's mandate was simple: find out what is not working well and fix it.

We are very proud of the three teams who developed and implemented new processes that have improved customer service, reduced costs, and saved staff time. These teams came up with creative solutions to problems.

The first team, the Field Operations Team, determined that mandatory training for new card room employees could be given more efficiently if the training was held at the card room itself instead of at rental facilities or offices. As the number of house-banked card rooms has increased, the number of card room employees needing training to receive licenses has increased dramatically. By offering the training at the card room, staff were able to customize the training more, it was more convenient for the new card room employees because the training was easy to find, and some rental fees were saved.

The second team, the Licensing Services

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(from left to right) CLD & IS Team- Ben Bishop, Executive Director; Tom Means, Information Services and Cindy Reed, Susan Arland, Communications and Legal Department.



(from left to right) Licensing Services Team- Joeline McCoy, Loren Husted, Ken Malmin, Dawn Warren, Collene Kiefer, Artis Collins, and Executive Director, Ben Bishop.

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Team, spent several hours each month notifying local taxing authorities and law enforcement when a new licensee was in their area. Notices were given by letter. The Team decided that this process could be improved by sending the notices by e-mail instead. They contacted nearly 600 local jurisdictions and found that half of them had e-mail and were happy to receive the notice in this manner. This Team's idea reduced the number of letters sent out each month by 50%, saved \$125 in supplies and postage costs, and will save staff 45 hours annually.

The third team, the Communications and Legal Department Team, came up with a new way to send the monthly Commission agendas to the public. Again, we took advantage of the technology we have today (with some help from our Information Services staff); this time we used our agency web site. Each month, staff sent the Commission agenda to about 300 people on our mailing list. As we have continued to

update our web site (see the article on page 8), we have included this same information there, too. Therefore we sent letters to those on our list, telling them about this additional source for the information. If the person wanted to continue to receive a copy in the mail they could. However, over 70% chose to obtain the information off our web site instead. This will result in an annual savings of over \$3,500 in copying and postage costs and has decreased the staff time for the mailings by 50%. It's also resulted in the public being able to receive the information more quickly because there are no mailing delays.

Most of the team members were recognized at our First Quality Awards Celebrations in May and June. We will be recognizing those members of the Field Operations Team from the Eastern Region in July. Great job, teams! We look forward to sharing more about WSGC's Quality Improvements in the coming months.



**Not pictured are the members of
our Field Operations Teams.**

The Southwest team included:

Pat Parmer, Stephanie Bussell, Susan Blanchett, Lisa Saila, and Debbie Vandall.

The Northwest Team included:

Bill Kesel, Mark Harris, Karen Rea, Claudia Biermann, and Casandra Blocker.

The Eastern Team included:

Ben McDonald, Larry Boyd, Tom Young, and Brian Lane.





Financial Reporting Services Reports

The following licensees failed to submit their quarterly reports when due. They have submitted their reports now and paid the appropriate fine based on the number of late reports in the preceding one-year period.

<u>LICENSEE/LOCATION</u>	<u>FINE</u>	<u>YR/QTR</u>
Larravics/ Winlock	\$100	99/2
Sail Inn/ Shelton	\$100	99/3
Legend Inn Tavern/ Ocean Shores	\$200	99/4
El Patio Mexican Restaurant/ Yelm	\$200	99/4
Spar Tree Tavern/ Granite Falls	\$200	99/4
Lena's Manchester Inn/ Manchester	\$400	99/4

NOTE: Beginning the fourth quarter of 1999, the schedule of fines has been revised for licensees who submit late reports.

Schedule of Fines

First Offense.....	\$200
Second Offense.....	\$400
Third Offense.....	\$600
Fourth Offense.....	A Statement of Charges will be sent.
<i>Subsequent offenses may lead to loss of license</i>	

Washington State Gambling Commission 2000 COMMISSION MEETING SCHEDULE

July 13 & 14

WestCoast Bellevue Hotel
625 – 116th Avenue N.E.
Bellevue, WA 98004 – (425) 455-9444

August 10 & 11

The Inn at Gig Harbor
3211 56th St NW
Gig Harbor, WA 98335 – (253) 858-1111

September 14 & 15

WestCoast Wenatchee Center Hotel
201 North Wenatchee Avenue
Wenatchee, WA 98801 – (509) 662-1234

October 12 & 13

WestCoast Silverdale Hotel
3073 NW Bucklin Hill Road
Silverdale, WA 98383 – (360) 698-1000

November 16 & 17

Shilo Inn
707 Ocean Shores Blvd. NW
Ocean Shores, WA 98569 – (360) 289-4600

No meeting in December, 2000.

CHANGES TO THE AGENCY WEB SITE

There have been several changes made to the agency web site in the past four months. These include a new format to the front page. You now have a choice to select from the following categories:

- **About Us**

A general agency overview including Commissioner biographies and significant Commission actions. Also includes general information about the agency such as agency history, duties, authority, significant legislation, and important phone numbers.

- **Public Meetings**

Contains Commission monthly meeting schedule as well as minutes from past meetings and rules to be discussed or voted on by the Commissioners.

- **License Information and Statistics**

Explanation of the gambling license certification program, post licensing responsibilities, and licensed operator statistics from the activity reports

- **Applications and Forms**

Contains application profiles as well as downloadable forms for commercial stimulant activities (card rooms, punchboard/pull tabs, and amusement games), low volume charitable/nonprofit bingo, raffles, and amusement games, and public card room employee (CRE) licenses as well as the application for transferring or adding a CRE employee. Additionally, the form for petitioning the Commission for a rule change is included there.

- **Newsletters**

All newsletters starting from April-May 1998 are included.

- **Unlicensed or Prohibited Activities**

Unlicensed raffles, promotional contests of chance, essay contests, and legal unlicensed activities such as sports boards, golfing and bowling sweepstakes, dice and coin contests, turkey shoots, etc. Also includes information on gambling activities not allowed in Washington State.

- **Tribal Casino Issues**

Includes information on the history of the Tribal Lottery System machines, including the "Friendly Lawsuit" and compact amendment. Includes negotiation updates as well as tribal casino hours/map and information about the Tribal Gaming Unit.

- **Enhanced Card Rooms**

Contains the card room pilot study report from January 1999, updated list of the card rooms approved for house banked games, downloadable files of the recently passed card room rules and information about the processing of house-banked card room applications.

- **Updates**

Contains monthly state-by-state and congressional updates, as well as recently passed Washington State laws related to gambling

- **Employment Opportunities**

Job descriptions and openings in the agency

- **Licensee Training**

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Contains the schedule for instructor led classes as well as the Web Based training that satisfies the training requirement for raffle licensees (note: more classes to be offered by the end of the year)

- **Links**

Links to the Washington State Council on Problem Gambling as well as gambling regulatory agencies in other

states. This can also be used to access other Washington State agencies through Access Washington.

- **Table of Contents**

If all else fails, you can look your topic up in the table of contents.

If you have information you would like to see included in the site, please send a message from the site to our Communication and Legal Department. ♠



WASHINGTON STATE GAMBLING COMMISSION ADMINISTRATIVE ACTIONS



LICENSEE	VIOLATION	CASE OUTCOME
Boys & Girls Clubs of Snohomish County, Everett	Failure to maintain adequate records and control of funds.	Charges for suspension were issued. An Agreed Order was entered on May 26, 2000. The licensee agreed to a 30 day suspension. Fifteen of those days were deferred for one year; the remaining 15 days were vacated with a \$5,220 fine. The licensee has also agreed to implement changes in their record maintenance & internal controls.
Chinese Village Restaurant, Longview	Allowing professional bookmaking to be conducted on its premises.	Charges for revocation were issued. A hearing was held. The Administrative Law Judge found in favor of the Commission. The licensee filed a Petition for Review, which was heard at the March Commission meeting. The Commissioners upheld the revocation of Chinese Village's license. The licensee filed a Petition for Reconsideration, which the Commission declined to consider.
Jaders, Renton	Discriminatory Pricing	Charges were issued for the suspension of Jaders' license. An Agreed Order was entered. The licensee agreed to a 30 day suspension. Fifteen of those days were deferred; the remaining 15 days were vacated by payment of a \$750 fine. The licensee also agreed to reimburse Commission staff \$1,230 for its investigative and administrative costs.

**WASHINGTON STATE GAMBLING COMMISSION
ADMINISTRATIVE ACTIONS
CONTINUED**

LICENSEE	VIOLATION	CASE OUTCOME
Loyal Order of Moose #1109, Centralia	Lack of Internal Controls	Charges were issued for the suspension of their licenses. An Agreed Order was entered. The licensee agreed to a 30 day suspension. Fifteen days of that suspension were deferred; the remaining 15 days were vacated by payment of a \$1,230 fine. The licensee also agreed to reimburse the Commission for their costs involved in a follow up inspection, and to implement further internal control changes.
Manfred Vierthaler Winery, Inc., Sumner	Denial	The Director issued a statement of charges denying the applicant's license due to the unauthorized transfer of their gambling license to new owners and due to the failure to disclose the sale of the licensed premises and stock. An Agreed Order was entered on April 20, 2000. The licensee agreed to an 8-month period wherein their application for licensure would not be considered, and paid \$3,647 in re-licensing fees, and reimbursement of investigative and administrative costs.
Medina, Tarl, (Paradise Bowling Center & Casino) Tacoma	Denial	Charges of denial were issued due to the applicant's criminal history. A hearing was held, and the ALJ issued an Initial Order directing that the licensee be issued a conditional license. Commission staff filed a Petition for Commission Review, which was heard at the April Commission meeting. The Commission upheld the Administrative Law Judge's ruling that Mr. Medina be issued a license conditional upon the employer supervising him at all times, filing quarterly reports for the first year setting forth all errors and omissions committed by Mr. Medina, no violations of gambling laws and regulations, producing all information and evidence requested at any time by Commission staff, and continuing to make restitution payments as ordered by the court, and reporting these payments to staff on a quarterly basis. The conditional license was issued on April 27, 2000.

**WASHINGTON STATE GAMBLING COMMISSION
ADMINISTRATIVE ACTIONS
CONTINUED**

LICENSEE	VIOLATION	CASE OUTCOME
Northwestern Showmen's Club, Puyallup	Failure to properly use gambling proceeds for its stated purpose	The Director issued a Statement of Charges to the licensee because the licensee failed to properly use gambling proceeds for its stated purpose. An Agreed Order was reached and the licensee agreed to surrender their licenses.
Seattle Cascades Booster Club, Shoreline	Net Return Violation	Licensee failed to meet their net return requirement of 10.0% for their fiscal year ending 09/30/99. Instead, their net return was 8.04%. A Notice of Intent to Limit License Class from a Class L to a Class J was issued on February 14, 2000. The licensee has since demonstrated compliance for the last six months. The parties signed an Agreed Order, allowing the licensee to continue to operate at their current level.
ZDI Gaming, Inc., Vancouver	Failure to maintain close control over PB/PT inventory.	The licensee failed to maintain close control over gambling equipment and supplies in its possession. A warning letter was issued.
VIPS, Bremerton	Denial	For at least 5 months, the licensee operated their pull-tabs with an expired license. Despite warnings from agents, the licensee did not submit an application. A hearing was held and the Administrative Law Judge upheld the denial.

Mission Statement

*The Gambling Commission regulates and controls
gambling activities within the state of Washington and, in
partnership with other law enforcement agencies,
restrains criminal activities associated
with unlawful gambling.*

COMMISSION RULES

The following rule was passed at the May meeting and will become effective June 12, 2000.

Card Room Tournaments.

WAC 230-40-055

Card tournaments for fee and prizes – Reporting requirements.

The amendment allows Class F and house-banked card room licensees to conduct a card tournament without obtaining a separate card tournament license.

The following rules were Up for Discussion in June

Sales and Purchases of Gambling Equipment

WAC 230-02-412

Gambling equipment defined.

This rules package is being proposed because there wasn't a rule requiring that licensees, such as distributors, only sell card room equipment to those licensees who can legally possess it, such as card rooms. This rules package will remedy that. This new rule clearly defines gambling equipment and puts all such equipment in one rule, instead of several.

WAC 230-04-110

Licensing of manufacturers.

Housekeeping. Subsection (1) defines gambling equipment and is no longer needed because gambling equipment is now defined in a separate rule WAC 230-02-412(above). Furthermore, language was added to clarify that after a license has been issued, a licensee is still required to notify the

commission of changes in the information submitted on their application.

WAC 230-04-115

Licensing of manufacturers – Exceptions – Special sales permits.

In the introduction paragraph & subsection (1)(c), "distributor" was changed to "licensee." This allows sales to be made to all licensees, not just distributors. Additionally, the WAC reference was changed to reflect the new rule, WAC 230-02-412 (above), which defines gambling equipment.

Subsection (1)(f) was moved to WAC 230-04-203 (below) to include it with other commercial business fees and subsection (5) was added so licensees will be able to locate the fee.

WAC 230-04-120

Licensing of distributors.

Housekeeping. Subsection (1) defines gambling equipment and is no longer needed because gambling equipment is now defined in a separate rule WAC 230-02-412 (above). Furthermore, language was added to clarify that after a license has been issued, a licensee is still required to notify the commission of changes in the information submitted on their application.

WAC 230-04-124

Licensing of manufacturer, distributor, gambling service supplier, and linked bingo prize provider representatives – Exceptions.

Language was added to clarify which employees of a manufacturer, distributor,

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gambling service supplier and linked bingo prize provider need to obtain a representative license.

WAC 230-04-203

Fees – Commercial stimulant and other business organizations.

The following housekeeping changes were made:

- ◆ Unnecessary language “at business locations” was removed from the introductory paragraph.
- ◆ Language was removed at the end of subsection (1) to remove “increased betting limits” from the definition of a Class F card room license.
- ◆ When a licensee renews a license or applies for an additional license, they can receive such license for a lesser amount of money than what is required to be submitted with an initial application. When this rule was last updated, the fee reduction should have been listed as \$155 less than what is submitted with an initial application; however, the fee was inadvertently listed as a \$150 reduction in fee. Therefore, language was amended in subsection (3) to allow for an additional \$5 fee reduction for renewals and when licensees apply for additional licenses.
- ◆ The \$200 fee a manufacturer pays when obtaining a special sales permit was moved from WAC 230-04-115 (above) to subsection (10) of this rule, to include it with other fees for commercial businesses.

New Section WAC 230-12-335

Control of gambling equipment – Sales and purchases by and to licensees only – Exceptions.

This new rule clarifies that the sales and

purchases of gambling equipment shall be made by and to licensees only. Furthermore, this rule sets forth that it is the responsibility of each licensee to ensure that they are selling to, or purchasing gambling equipment from a person that holds a valid gambling license. The exceptions to this requirement were moved from WAC 230-30-212 (below) and WAC 230-30-213 (below) and placed in this rule so that all requirements, including exceptions, are addressed in one rule.

WAC 230-30-212

Punch boards, pull-tabs and related equipment may be sold with sale of business.

This rule allows the transfer gambling equipment to an unlicensed person as part of a sale of a business when the sale is contingent on the buyer receiving a gambling license prior to the completion of the sales transaction. This rule is up for repeal because this exception is now addressed in WAC 230-12-335 (above).

WAC 230-30-213

Sale of punch boards, pull-tabs and pull-tab dispensing devices when license revoked, expired or voluntarily surrendered.

This rule allows licensed operators or distributors of gambling equipment, whose license has been revoked, expired, or voluntarily surrendered to transfer the equipment to a licensed manufacturer or distributor. This rule is up for repeal because this exception which allows an unlicensed individual to sell gambling equipment is now addressed in WAC 230-12-335 (above).

Sales on Licensed Premises Only

WAC 230-12-073

Sales on licensed premises only – Exceptions.

A charitable organization will be leasing part of its bingo premises to a commercial card

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room, which plans to operate house-banked card games. The charitable organization would like to be able to sell pull-tabs to the card room patrons. The charitable organization's gambling activities will be physically separate from the card room activities. This new rule sets forth the criteria for charitable and nonprofit organizations to sell punch board/pull-tabs to patrons of a card room adjoining their premises.

The following rules were filed at the May meeting and were Up for Discussion at the June meeting.

Fund Raising Events

Fund-raising events (FREs) are conducted by charitable or nonprofit organizations to raise money for their stated purpose. During these FREs, bingo, amusement games, contests of chance, lotteries, and raffles may be conducted. Currently, only members of a charitable or nonprofit organization are allowed to conduct gaming activities at FRE gaming stations. Furthermore, both cash and merchandise prizes are allowed as prizes.

During the 2000 Session, legislation was passed amending RCW 9.46.0233 to allow charitable and nonprofit organizations to conduct a limited form of FRE. Organizations offering *limited* FREs will now be able to hire employees of a FRE equipment distributor to work gaming stations at FRE events. Furthermore, no cash, only merchandise prizes, can be given away at *limited* FREs. This rules package sets forth the regulatory and licensing requirements for charitable and nonprofit organizations, and the FRE equipment distributors who offer *limited* FREs.

The following rules were streamlined, rewritten and headers added so information

will be easier to find.

WAC 230-02-504

Fund-raising event defined.

This new rule defines exactly what a fund-raising event is designed to accomplish.

WAC 230-25-030

Fund-raising event – Ten thousand dollars annual net receipt maximum.

Organizations conducting fund-raising events (FREs) can earn a maximum of ten thousand dollars in annual net receipts. Net receipts are calculated by subtracting money used to purchase merchandise prizes and pay out cash prizes, from all wagers and bets received at the FRE. All money in excess of this limit is given back to FRE participants as prizes.

Language was added to allow organizations conducting a *limited* FRE to deduct the cost of equipment rental from the gross receipts when calculating the ten thousand dollar annual net receipts limit. This deduction was authorized by statute only to the limited FRE events.

Alternative #1 – Currently, FRE licensees must return money earned in excess of the ten thousand dollar annual net receipts limit to players as prizes. New language was added to this rule requiring licensees conducting *limited* FREs to give these excess funds to another charitable organization, rather than return it to players.

Alternative #2 – This alternative would require money earned in excess of the net receipts limit from *all* FREs to be distributed only to another charitable organization, rather than returned to players as prizes. This alternative would maintain consistency for the distribution of these funds for both

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types of FREs.

WAC 230-25-040

Fund-raising event - House rules to be developed and posted – Limitations on wagers.

Under current rules, licensees must develop house rules for each fund-raising event (FRE). Furthermore, players at FREs may bet no more than ten dollars per wager. Language was added for organizations utilizing scrip at *limited* FREs to exceed the ten-dollar wager limit.

WAC 230-25-070

Fund-raising event((s)) - Central accounting system required.

This rule sets the minimum accounting system for organizations to use when conducting fund-raising events (FREs). Language was added to require licensees conducting *limited* FREs to provide details of the allocation methods used to determine gambling receipts.

WAC 230-25-100

Fund-raising event((s)) – Leasing of premises of retail business- Conditions.

Language was added to RCW 9.46.0233 (2) (a) during the 2000 legislative session specifying that fund-raising event equipment distributors shall not provide the facility at which *limited* FREs are conducted; therefore, a new subsection was added to this rule to reflect the new law. To further clarify this restriction, language was included specifying that FRE equipment distributors shall not be compensated by the facility it chooses to use to conduct *limited* FREs.

WAC 230-25-110

Fund-raising event – ((Use of)) Equipment use, lease or rental from licensee only.

This rule sets forth who may sell, purchase, lease, and rent fund-raising equipment.

Licensees conducting *limited* fund-raising events are not subject to the same price limitations on the sale and rental of FRE equipment. However, they must make a good faith effort to make a profit from the FRE activity.

Language which sets forth the price limits for the sale and rental of FRE equipment was moved from this rule to WAC 230-25-120 below.

WAC 230-25-120

Limits upon amount for rent, lease or similar payments for fund-raising events.

This rule sets forth the limitations of how much can be paid for the rental of the premises and equipment used during a fund-raising event (FRE). Limitations remain unchanged for FREs with cash and/or merchandise prizes staffed by members-only.

Alternative #1 – This alternative removes the specific dollar limits these organizations can spend when conducting FREs. Furthermore, for streamlining purposes, subsection (6) from WAC 230-25-110 above was moved to this rule.

Alternative #2 – The current rule lists specific dollar limits for what organizations can spend when conducting a FRE.

WAC 230-25-150

Pull-tabs at fund-raising events - Authorized.

Currently, pull-tabs are offered at fund-raising events. All wagers made at *limited* fund-raising events (FREs) must be made with scrip. Selling pull-tabs during these events would require mixing scrip and cash. This would be complicated and possibly confusing for some licensees and their employees. Therefore, to streamline the

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activity and keep the facilitation of these *limited* FREs less complicated, language was added to this rule to clarify that organizations shall not sell pull-tabs during *limited* FREs.

WAC 230-25-200

Bingo at fund-raising events.

Language was added to clarify that bingo games conducted at *limited* fund-raising events shall only be played using scrip and only merchandise prizes awarded.

WAC 230-25-220

Raffles or similar drawings conducted at fund-raising events.

Language was added to clarify that raffles conducted at *limited* fund-raising events shall only be conducted using scrip and only merchandise prizes awarded. Furthermore, raffles conducted at the end of a *limited* fund-raising event will be operated using non-cash value scrip obtained during the event.

WAC 230-25-310

Fund-raising event - List of workers to be available on premises.

Currently, FRE licensees must prepare a list of persons working at a FRE. This list shall be available for inspection by commission staff and law enforcement. Language was added to this rule requiring operators of *limited* fund-raising events to prepare a list detailing the name of the FRE equipment distributor and all of the distributor's employees who work the event.

WAC 230-25-315

Workers to wear identification tags.

This rule change clarifies that member-workers at a fund-raising event (FRE), must have a name tag containing at least the full first name and last initial or first initial and

last name.

Language was added requiring FRE equipment distributor employees working at a *limited* FRE to have a name-tag that states, at minimum, the first name of the worker and full name of the FRE equipment distributor.

WAC 230-25-325

Limited fund-raising event - Merchandise prizes.

This rule sets out the restrictions and requirements to offer a limited fund-raising event.

Alternative #1 – This alternative sets a limit of 25% on the percentage of member guests that can attend *limited* FRE

Alternative #2 – This alternative removes the limitation on the percentage of member guests that can attend an FRE.

This topic was discussed by the Commissioners but has not been placed on the agenda yet.

Charitable/nonprofits Owning a Commercial Gambling Establishment.

WAC 230-04-206

Ownership of a commercial gambling establishment by charitable and nonprofit organizations.

Competition for players has increased and business has declined at charitable and nonprofit organizations. The Seattle Cascade Booster Club and other charitable and nonprofit organizations have expressed interest in purchasing commercial gambling establishments as a way to increase revenue for their organizations.

The policy on this issue is unclear. This proposal was on the agenda to generate discussion. ♠

Mandatory Training – Third Quarter 2000

Northwest Region**(425) 776-6751, Ext. 221***Directions on Voice Mail: Ext. 370*

Date/Location	Time	Class Title
July 20, Aug. 10, Sept. 21 Shoreline Conference Center 18560 1st Avenue NE Shoreline, WA 98155 (Class Room Wing, at the south end of the building)	8:00 am – 10:00 am 10:00 am – 12:00 pm 1:00 pm – 1:45 pm 2:00 pm – 4:00 pm	Card Rooms Punchboards/Pull-Tabs Raffles (Sept. 21 ONLY) Bingo (Sept. 21 ONLY)
Directions: I-5 Going South: Take Exit 177 . ► Take signs to State Route 104 W , Edmonds and Edmonds-Kingston Ferry. Turn left onto 1st Ave NE . It will be approximately 1 mile . I-5 Going North: Take Exit 177 . Continued from ► above. <i>Park on South End of Building.</i>		

Eastern Region**(509) 456-3167, Ext. 228***Call the Regional Ofc for Directions*

Date/Location	Time	Class Title
July 6, Aug. 1, Sept. 6 Gambling Commission Office N. 901 Monroe, Suite 240 Spokane, WA	8:00 am – 10:00 am 10:15 am – 12:15 pm 1:00 pm – 3:00 pm 3:00 pm – 3:45 pm	Card Rooms Punchboards/Pull-Tabs Bingo Raffles (July 6 & Sept. 6 ONLY)
Aug. 8 Dept. of Transportation 2825 Euclid Wenatchee WA	8:00 am – 10:00 am 10:15 am – 12:15 pm 1:00 pm – 3:00 pm 3:00 pm – 3:45 pm	Card Rooms Punchboards/Pull-Tabs Bingo Raffles
July 12, Sept. 13 Dept. of Transportation 900 E. Selah Yakima, WA	8:00 am – 10:00 am 10:15 a.m. – 12:15 pm 1:00 pm – 3:00 pm 3:00 pm – 3:45 pm	Card Rooms Punchboards/Pull-Tabs Bingo Raffles

Southwest Region**(253) 471-5312, Ext. 221***Call for Directions*

Date/Location	Time	Class Title
July 12, Aug. 9, Sept. 13 South Park Community Center 4851 S. Tacoma Way Tacoma, WA 253-591-5299	8:00 am – 10:00 am 10:15 am – 12:15 pm 1:00 pm – 3:00 pm 3:15 pm – 4:00 pm	Card Rooms Punchboards/Pull-Tabs Bingo (July 12 and Sept. 13 ONLY) Raffles (July 12 and Sept. 13 ONLY)
Sept. 12 Red Lion Hotel 510 Kelso Drive, Exit 39 off I-5 Kelso, WA	8:00 am – 10:00 am 10:15 am – 12:15 pm 1:00 pm – 3:00 pm 3:15 pm – 4:00 pm	Card Rooms Punchboards/Pull-Tabs Bingo Raffles

Commercial Amusement Games (Class B and above) and Fund Raising Events: Call your local Regional office regarding Mandatory Training Schedule.

Rules Note...



**Attached to this newsletter
is the card room tournament rule that was
adopted at the June meeting.**

**Please remove the attached rule from
the newsletter and place it
into the appropriate section
of your rules manual
as required by WAC 230-12-080.**

Amendatory Section:**WAC 230-40-055 Card tournaments for fee and prizes -- Reporting requirements.**

(1) A card tournament wherein a fee is charged to the participants and prizes are awarded to the winning players shall be licensed by the commission. Card room licensees with a Class A, B, ~~((C))~~ E, F or house-banked license may conduct a card tournament for a fee without obtaining a card tournament license: Provided, That ~~((Class B))~~ licensees are limited to only those card games authorized under their ~~((licensing))~~ license class. Card room licensees with a Class D or R license must first obtain a card tournament license before they can conduct a card tournament in which the players are charged a fee to enter. The licensee shall notify the commission ten days in advance of any card tournament where the single or multiple buy-in exceeds fifty dollars. A card tournament shall not exceed ten consecutive calendar days.

(2) The fee for a player to enter a card tournament for prizes shall not exceed fifty dollars, including all separate fees which might be paid by a player for various phases, events of the tournament, food and drink offerings, and promotional material. The fee to enter a tournament and a description of all goods and services to be provided as a part of the tournament must be fully disclosed to each entrant prior to their paying such fee. Such disclosure must be posted conspicuously on the premises at the time payment is received and remain posted until the tournament is complete. This same information must be included in all advertisements for said tournament. Operators may offer "free roll" or customer appreciation tournaments: Provided, That the pretournament play requirements do not exceed the fifty-dollar entry fee limitation. Entrants in such tournaments must initially be provided with the same number of chips or points and the same opportunity for re-buys. All prizes awarded for free roll or customer appreciation tournaments may be deducted as prizes for determining adjusted net gambling receipts for compliance with WAC 230-12-075.

(3) All fees paid to enter a tournament shall be reported as gross gambling receipts: Provided, That if an operator prepares and provides food and drink items to all tournament entrants on the licensed premises as a part of their entry fee, the fair market value of the food and drink provided, not to exceed twenty-five dollars or fifty percent of the entry fee, which ever is greater, shall be treated as sales of food and drink for on premises consumption and not included as gross gambling receipts. Such sales, must be properly supported by records: Provided further, That if an operator provides items promoting the tournament or licensed business, such as hats, t-shirts, etc., to all participants as a part of their entry fee, the actual cost of such items, supported by invoices and other such records, shall be deducted as prizes in determining adjusted net gambling receipts for compliance with WAC 230-12-075.

(4) In addition to the entry fee, a minimum buy-in of chips may be required. The total buy-in per player shall not exceed two hundred dollars per tournament and may be either a single or multiple buy-in during the course of the tournament. A record of the buy-ins for each participant will be maintained by the licensee in a format provided by the commission. All buy-ins of chips are not gross gambling receipts and shall be returned to the participants in the form of prizes. Prizes from buy-ins are not deductible for commercial stimulant purposes.

(5) The chips used in card tournaments shall have no monetary value and may be redeemed only for prizes established by the licensee. The licensee may award prizes in excess of those entry fees collected as authorized in subsection (2) of this section. The licensees actual cost for prizes awarded to the players may be deducted as prizes for determining adjusted net gambling receipts generated by the entry fees.

(6) The licensee shall adopt tournament rules to facilitate the operation of card tournaments: Provided, That all tournament rules for tournaments where the single or multiple buy-in exceeds fifty dollars must be submitted to the commission for approval. All tournament rules must be posted where all tournament participants can see and read the rules.

(7) The licensee shall maintain a record of all such fees collected and the number of participant for each tournament conducted. This information shall be entered in a format approved by the commission. The total gross gambling receipts for the tournament shall be entered on the card room daily control sheet for the time and date the tournament begins and the record of participants shall be attached and maintained with that daily control sheet.

(8) The licensee shall maintain a record of all prizes awarded to include the amount the licensed operator actually paid for each prize and the name and complete address of each winning participant: Provided, That the name and address of each participant receiving promotional items as set forth in subsection (3) of this section shall not be required on the prize record. The record shall be attached to the daily control sheet used on the date the majority of the prizes are awarded.

Problem Gambling Newsletter

Problem Gambling Newsletter

Operational Questions/Regional Offices

Lynnwood	(425) 776-6751	Tacoma	(253) 471-5312	Spokane	(509) 456-3167
Bellingham	(360) 738-6203	Yakima	(509) 575-2820	Wenatchee	(509) 662-0435

Headquarters Lacey (800) 345-2529 or (360) 438-7654

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* Call the closest regional office listed above

**Washington State Council on Problem Gambling
(800) 547-6133**

WASHINGTON STATE GAMBLING COMMISSION

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We're on the Web
www.wa.gov/gambling.wsgc.htm

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